

EXHIBIT 2

Financial Projections

FINANCIAL PROJECTIONS

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to the confirmation of a chapter 11 plan, that confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of any debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan (a condition referred to as “feasibility”). To provide “adequate information” under section 1125 of the Bankruptcy Code to assist holders of Claims in determining whether to vote to accept or reject the *Joint Chapter 11 Plan of Franchise Group, Inc. and its Affiliated Debtors* [Docket No. 150] (as may be amended, revised, or supplemented from time to time, the “Plan”), and for purposes of demonstrating that the Plan meets the feasibility requirement in the event the Plan Equitization Transaction is consummated, the Debtors’ management team and key personnel, with the assistance of the Debtors’ advisors, developed the financial projections (the “Financial Projections”) presented herein. The Financial Projections were prepared as of December 23, 2024. Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Plan.

The Debtors prepared the Financial Projections presented herein to show the next five years (2025-2029) (the “Projection Period”) of projected financial statements as of the Debtors’ fiscal year-end. For illustrative purposes, 2025 projections begin April 30, 2025, representing the Debtors’ estimated outside emergence date from chapter 11, and assume that the Reorganized Debtors will continue to conduct business operations substantially similar to their current business operations. The Financial Projections include a consolidated income statement, statement of cash flows, and select balance sheet items for the years ending during the Projection Period.

The Financial Projections presented herein have been prepared by the Debtors in good faith based upon conditions and practices believed to be reasonable for the purposes of developing such financial projections. Assumptions relating to the development of the financial projections contemplate the financial accounts of the Debtors, the best available estimates of the Debtors’ projected operational and financial condition, projected market conditions, and market forecasts of the various industries the Debtors operate their businesses within, among other factors. The Financial Projections should be read in conjunction with the assumptions, qualifications and notes contained herein, in addition to the risk factors described in the Disclosure Statement. The following information summarizes the underlying key assumptions upon which the Financial Projections are based.

Key Disclosures Regarding Financial Projections

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH THEIR BUSINESS PLANS, BUDGETS OR STRATEGIES OR MAKE EXTERNAL PROJECTIONS OR FORECASTS OF THEIR ANTICIPATED FINANCIAL POSITIONS, RESULTS OF OPERATIONS, CASH FLOWS, REVENUES AND GROWTH RATES. ACCORDINGLY, THE DEBTORS DO NOT ANTICIPATE THAT THEY WILL, AND DISCLAIM ANY OBLIGATION TO, FURNISH UPDATED BUSINESS PLANS, BUDGETS, STRATEGIES, PROJECTIONS OR FORECASTS PRIOR TO THE EFFECTIVE DATE OF ANY PLAN OR TO INCLUDE SUCH INFORMATION IN DOCUMENTS REQUIRED TO BE FILED WITH THIRD PARTY REGULATORY PERSONS OR OTHERWISE MAKE SUCH INFORMATION PUBLICLY AVAILABLE.

THE PROJECTIONS, WHILE PRESENTED WITH NUMERICAL SPECIFICITY AND PREPARED IN GOOD FAITH, ARE NECESSARILY BASED ON A VARIETY OF ESTIMATES AND OPERATING AND FINANCIAL ASSUMPTIONS, WHICH, THOUGH CONSIDERED REASONABLE BY THE DEBTORS' MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE DEBTORS' CONTROL. THESE UNCERTAINTIES INCLUDE, AMONG OTHER THINGS, THE ULTIMATE OUTCOME AND CONTENTS OF A CONFIRMED PLAN OF REORGANIZATION AND THE TIMING OF THE CONFIRMATION OF SUCH PLAN.

THE DEBTORS CAUTION THAT NO REPRESENTATIONS CAN BE MADE AS TO THE ACCURACY OF THE PROJECTIONS AND RELATED INFORMATION OR AS TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE OF THE DISCLOSURE STATEMENT MAY BE DIFFERENT FROM THOSE ASSUMED OR MAY BE UNANTICIPATED, AND THUS MAY AFFECT THE DEBTORS' FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS AND RELATED INFORMATION, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT MAY OCCUR.

The Financial Projections contain inherently forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and, as such, no guarantees can be provided to the realization of such projections. Forward-looking statements in the Financial Projections include the intent, belief, or current expectations of the Debtors and management with respect to the timing of, completion of, and scope of the current restructuring, the Plan, the Debtors' business plan, market conditions, and the Debtors' future liquidity, as well as the assumptions on which such statements are based. The Debtors' investment banker, Ducera Partners, assisted in the compilation and summary presentation of these Financial Projections. Ducera makes no representation as to the achievability or reasonableness of such Financial Projections. The future results of the Reorganized Debtors are dependent upon various factors, many of which are beyond the control or knowledge of the Debtors or Ducera.

The Debtors and their respective representatives or affiliates disclaim any and all liability for any loss or damage (whether foreseeable or not) suffered or incurred by any person or entity as a result of anything contained or omitted from the Financial Projections, and such liability is expressly disclaimed. The Debtors undertake no obligations or responsibility to update any of the information contained in the Financial Projections. Past performance does not guarantee or predict future performance.

The Debtors' auditor has neither examined nor compiled the accompanying Financial Projections and, accordingly, does not express an opinion or any other form of assurance with respect thereto. The Financial Projections were not prepared with a view toward compliance with published guidelines of the Securities and Exchange Commission or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information, including, without limitation, the American Institute of Certified Public Accountants' Statement of Position 90-7, Financial Reporting by Entities in

Reorganization Under the Bankruptcy Code. The Financial Projections, unless otherwise noted, do not claim to be in compliance with Generally Accepted Accounting Principles Assumptions.

Forecast Methodology and Consolidation of Long-Range Plans

Forecast Methodology: The Debtors' projected financial statements represent a consolidated view of (a) individual long-range business plans ("LRPs") developed by management teams at each of (i) the entities comprising the business known as Pet Supplies Plus, (ii) the entities comprising the business known as The Vitamin Shoppe, and (iii) the entities comprising the business known as Buddy's Home Furnishings, which collectively constitute the Debtors' operating companies (each, an "OpCo"), combined with (b) projected corporate overhead associated with Franchise Group, Inc. In creating the LRP, which outline projected operating and financial performance for the next five years, management at each OpCo analyzed various factors and relevant industry metrics. These included, but were not limited to, (i) projected system-wide store count, (ii) projected segment operating expenses, (iii) maintenance and growth capital expenditures, and (iv) various business initiatives, each of which is unique to each OpCo's respective operating environment.

The LRP were created in or around August 2024. The Debtors developed the consolidated financial projections presented herein by combining the LRP from each OpCo with the projected corporate overhead associated with Franchise Group, Inc. to develop one consolidated set of forecasted financials presented herein.

The Financial Projections do not include forecast information for the entities comprising the business known as American Freight, which commenced a going-out-of-business (GOB) sale process and liquidation of substantially all assets on November 6, 2024, which the Debtors and their advisors anticipate will be completed on or around December 31, 2024.

The Financial Projections have been prepared using accounting policies that are consistent with the Debtors' historical financial statements. Upon emergence from chapter 11, the Debtors anticipate that the Reorganized Debtors will implement "fresh start" reporting pursuant to Accounting Standards Codification ("ASC") Topic 852, "Reorganization." "Fresh start" reporting requires that the reorganization value of the emerging entity be allocated to all of the entity's assets and liabilities in accordance with the guidance in ASC Topic 805, "Business Combinations." Any portion of the reorganization value not attributable to specific tangible or identifiable intangible assets or liabilities of the emerging entity is required to be reported as goodwill. The Financial Projections may not reflect all adjustments necessary to implement "fresh start" reporting.

Projection Assumptions with Respect to the Income Statement

Revenue Forecast: The Debtors' OpCos, all of which operate and/or franchise brick-and-mortar retail stores, developed revenue forecasts by projecting, among other key drivers, future store openings and closings, performance of corporate store and franchise segments (where applicable), and product mix and margin. The Debtors' OpCos considered industry trends and client base for their respective industry verticals.

Cost of Sales: The Debtors' consolidated cost of sales is forecasted based on cost of sales expenses projected by the three OpCos and Franchise Group, Inc. at the corporate level. Cost of sales

forecasts in the OpCo LRPAs are consistent with historical cost trends within each respective retail, franchising, and/or distribution operation.

Operating and Maintenance Expense: The Debtors' consolidated operating and maintenance expenses are commensurate with forecasted store footprint, franchise program size and scope (where applicable), and distribution operations (where applicable) as outlined in each OpCo LRP.

Depreciation and Amortization: The Debtors' consolidated depreciation and amortization is forecasted based on anticipated depreciation and amortization on current book values and current accounting methodologies. Additionally, depreciation expense recognized in years 2025-2029 includes amounts related to projected capital expenditures that occur in those years.

Income Tax Expense: For purposes of the Disclosure Statement, the Debtors illustratively assume the OpCos are not tax-paying entities and that substantially all tax expenses are projected to be incurred and consolidated at the Freedom VCM Interco Holdings, Inc. level at an illustrative 25.0% rate on taxable income. Taxable income is assumed to be reduced by newly generated net operating losses ("NOLs") of the Reorganized Debtors, to the extent such NOLs become available. The Financial Projections do not purport to analyze any pre-petition tax attributes of the Debtors and, therefore, should be viewed solely as forward-looking projections.

Projection Assumptions with Respect to the Cash Flow Statement and Capital Structure

Cash: Beginning cash balances reflect the Debtors' projected consolidated balance sheet cash at an illustrative date of April 30, 2025, reflecting the Debtors' estimated outside emergence date from chapter 11.

Such amounts may differ as of the Effective Date depending on the actual results associated with several assumptions, including the Debtors' actual cash balance immediately prior to the Effective Date, actual and projected remaining cash flows and expenses during the bankruptcy, and other items.

Debt: Financial Projections are illustrated inclusive of approximately \$526 million of first lien take-back term loan borrowings (as defined in the Plan, the "Take-Back Debt Facility") at Franchise Group, Inc., reflective of the amount of DIP Facility to be converted into Take-Back Term Loans upon emergence in the event the Plan Equitization Transaction is consummated. The conversion amount is calculated such that pro forma net debt upon emergence is equal to \$600 million (as defined in the DIP Credit Agreement and further outlined in the Restructuring Support Agreement). The Financial Projections are also illustrated inclusive of a proposed Exit ABL Facility on substantially the same terms as the existing pre-petition ABL Loans, drawn in the amount of approximately \$192 million upon emergence, which represents the outstanding pre-petition balance less any projected liquidation proceeds resulting from the sale of ABL Priority Collateral over the duration of the Chapter 11 Cases. However, the existence, terms, conditions, commitment amount, and placement of the Exit ABL Facility are subject to ongoing negotiation and availability.

Working Capital: The Debtors' consolidated working capital is forecasted based on working capital needs projected by OpCos and Franchise Group, Inc. at the corporate level, consistent with

historical costs and projected needs within each respective retail, franchising, and/or distribution operation.

Capital Expenditures: The Debtors' consolidated capital expenditures are forecasted based on projected capital expenditures at each OpCo and Franchise Group, Inc. at the corporate level, as presented in the LRP s and Franchise Group, Inc.'s long-term forecasts. Projected capital expenditures include required maintenance capital expenditures and growth capital expenditures associated with the LRP projections.

[Financial Projections Follow]

Projected Income Statement

	FY 2025⁽¹⁾	FY 2026	FY 2027	FY 2028	FY 2029
Revenue	\$1,740.8	\$2,790.5	\$3,013.7	\$3,190.0	\$3,414.4
% Growth			8.0%	5.8%	7.0%
(-) Cost of Goods Sold	(1,134.9)	(1,825.5)	(1,975.1)	(2,102.8)	(2,259.4)
Gross Profit	\$605.9	\$965.0	\$1,038.6	\$1,087.2	\$1,155.0
% Margin	34.8%	34.6%	34.5%	34.1%	33.8%
(-) Operating Expenses	(548.4)	(847.7)	(883.1)	(909.3)	(946.6)
Operating Income	\$57.5	\$117.4	\$155.5	\$177.9	\$208.4
% Margin	3.3%	4.2%	5.2%	5.6%	6.1%
(-) Interest Expense	(46.7)	(67.9)	(61.6)	(50.9)	(35.2)
Pre-Tax Income	\$10.8	\$49.5	\$94.0	\$127.0	\$173.2
(-) Provision for Income Taxes @25.0%	(2.7)	(12.4)	(23.5)	(31.8)	(43.3)
Net Income	\$8.1	\$37.1	\$70.5	\$95.3	\$129.9
% Margin	0.5%	1.3%	2.3%	3.0%	3.8%

Notes:

(1) FY 2025 illustratively reflects performance beginning 04/30/2025, the Debtors' estimated outside exit date from chapter 11

Projected Cash Flow Statement

	FY 2025⁽¹⁾	FY 2026	FY 2027	FY 2028	FY 2029
Cash Generated by (Used in) Operating Activities:					
Net Income	\$8.1	\$37.1	\$70.5	\$95.3	\$129.9
(+) Stock-Based Compensation	4.7	7.1	7.1	7.1	7.1
(+) Depreciation and Amortization	53.1	76.3	73.2	70.1	71.0
(+ / -) (Increase) Decrease in Accounts Receivable	(6.9)	(4.2)	(3.9)	(6.2)	(6.6)
Inventory	(9.5)	(19.6)	(23.7)	(27.8)	(27.9)
(+ / -) (Increase) Decrease in Accounts Payable	(5.9)	7.8	9.5	10.4	12.4
Accrued Expenses	0.6	0.9	0.6	(2.1)	0.7
Net Cash Generated by (Used in) Operating Activities	\$44.2	\$105.3	\$133.3	\$146.8	\$186.6
Cash Generated by (Used in) Investing Activities:					
Capital Expenditures	(\$19.5)	(\$31.8)	(\$32.0)	(\$32.4)	(\$36.6)
Net Cash Generated by (Used in) Investing Activities	(\$19.5)	(\$31.8)	(\$32.0)	(\$32.4)	(\$36.6)
Cash Generated by (Used in) Financing Activities:					
Net Revolver Draw (Repayment) ⁽²⁾	(\$43.2)	(\$73.5)	(\$74.7)	\$12.4	\$0.2
Repayment of New Unitranche 1L TL ⁽²⁾	—	—	(26.5)	(126.8)	(150.2)
Net Cash Generated by (Used in) Financing Activities	(\$43.2)	(\$73.5)	(\$101.3)	(\$114.4)	(\$150.0)
Cash Balance:					
Beginning Cash Balance	\$118.5	\$100.0	\$100.0	\$100.0	\$100.0
(+ / -) Net Change in Cash	(18.5)	—	—	—	—
Ending Cash Balance	\$100.0	\$100.0	\$100.0	\$100.0	\$100.0

Notes:

(1) FY 2025 illustratively reflects performance beginning 04/30/2025, the Debtors' estimated outside exit date from chapter 11

(2) Assumes discretionary deleveraging on a quarterly basis in order of priority based on available amounts in excess of an illustrative \$100.0 million minimum cash balance

Summary Capital Structure

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Rolling Capital Structure					
New Revolver ⁽¹⁾	\$149.0	\$75.5	\$0.7	\$13.2	\$13.3
New Unitranche 1L TL ⁽¹⁾	526.3	526.3	500.0	373.7	223.5
Gross Debt	\$675.3	\$601.7	\$500.7	\$386.8	\$236.8
(-) Cash	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Net Debt	\$575.3	\$501.7	\$400.7	\$286.8	\$136.8

Notes:

(1) Assumes discretionary deleveraging on a quarterly basis in order of priority based on available amounts in excess of an illustrative \$100.0 million minimum cash balance

Select Balance Sheet and Cash Flow Items⁽¹⁾

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Accounts Receivable	\$62.6	\$66.8	\$70.7	\$76.9	\$83.5
Inventory	361.1	380.7	404.3	432.1	460.0
Accounts Payable	180.0	187.8	197.3	207.7	220.1
Accrued Expenses	46.6	47.5	48.1	46.0	46.7
Net Working Capital	\$197.1	\$212.2	\$229.6	\$255.3	\$276.7
<i>Change in Net Working Capital</i>	\$21.7	\$15.1	\$17.4	\$25.6	\$21.4
PP&E	\$140.9	\$126.7	\$115.7	\$108.3	\$104.1

Notes:

(1) Figures shown are prior to any chapter 11-related adjustments, if applicable